



Energy and Telecommunications Interim Committee

65th Montana Legislature

SENATE MEMBERS

MARY MCNALLY--Chair
NATE MCCONNELL
TOM RICHMOND
SCOTT SALES

HOUSE MEMBERS

DEREK SKEES--Vice Chair
LAURIE BISHOP
ZAC PERRY
DANIEL ZOLNIKOV

COMMITTEE STAFF

TREVOR GRAFF, Lead Staff
JAMESON WALKER, Staff Attorney
NADINE SPENCER, Secretary

MINUTES LOG

July 19, 2018
Room 152, Capitol Building
Helena, Montana

Please note: This document is a Minutes Log and provides a notation of the time elapsed between the beginning of the meeting and the time at which the item was presented or discussed, a motion was made, or a vote was taken. The narrative presented here is provided only as a guide to the audio or video record of the meeting. The official discussion, motion, or vote is available on the audio or video archive of this meeting. The Legislature does not prepare a transcript of meeting activities. The time designation may be used to locate the referenced discussion on the audio or video recording of this meeting.

Access to an electronic copy of these minutes and the audio or video recording is provided from the Legislative Branch home page at <http://leg.mt.gov>. On the left-side menu of the home page, select Committees, then Interim. Once on the page for Interim Committees, scroll down to the appropriate committee. The written Minutes Log, along with the audio and video recordings, is listed by meeting date on the interim committee's web page. Each of the Exhibits is linked and can be viewed by clicking on the Exhibit of interest. All Exhibits are public information and may be printed.

Please contact the Legislative Services Division at 406-444-3064 for more information.

COMMITTEE MEMBERS PRESENT

SEN. MARY MCNALLY, Chair

SEN. NATE MCCONNELL
SEN. TOM RICHMOND
SEN. SCOTT SALES

REP. LAURIE BISHOP
REP. ZAC PERRY
REP. DANIEL ZOLNIKOV

COMMITTEE MEMBERS EXCUSED

REP. DEREK SKEES, Vice Chair

STAFF PRESENT

TREVOR GRAFF, Lead Staff
JAMESON WALKER, Staff Attorney
SONJA NOWAKOWSKI, Staff
NADINE SPENCER, Secretary

VISITORS' LIST (Attachment 1)

AGENDA (Attachment 2)

COMMITTEE ACTIONS

The Energy and Telecommunications Committee (ETIC):

- Approved the minutes from May 17-18;
- Voted to pre-introduce LC SQF1 as a committee bill;
- Voted to pre-introduce LC SQF2 as a committee bill.

CALL TO ORDER AND ROLL CALL

00:00:01 Sen. McNally called the meeting to order at 1:01 p.m. The secretary called the roll. (Attachment 3) Rep. Skees was excused.

ADMINISTRATIVE MATTERS

Budget Update

00:01:11 Trevor Graff, research analyst, Legislative Services Division (LSD), provided an update and said the ETIC has \$12,000 remaining in its interim budget.

Adoption of May Meeting Minutes

Motion/Vote

00:01:35 Sen. McConnell moved to accept the May meeting minutes. The motion carried unanimously by voice vote of those present and voting.

QUALIFYING FACILITIES

00:02:07 Sen. McNally provided an introduction.

00:02:22 Sonja Nowakowski, staff, LSD, said that at the May meeting the ETIC asked staff to prepare two bill drafts concerning qualifying facilities and to put them out for public comment.

00:02:49 Rep. Zolnikov entered the meeting at 1:04 p.m.

LCSQF1

00:02:58 Ms. Nowakowski provided an overview of LC SQF1. (Exhibit 1)

00:04:55 Ms. Nowakowski said the committee received copies of public comment.

LCSQF2

- 00:06:02 Ms. Nowakowski provided an overview of LC SQF2. **(Exhibit 2)**
- 00:07:10 Ms. Nowakowski said the bill is modeled after HB 435 (2013) and much of that language came from a 2012 consultant report and recommendations to the Public Service Commission (PSC) for electric utility resource planning. **(Exhibit 3)**
- 00:10:16 Ms. Nowakowski said the committee received copies of public comment.

Committee questions and discussion None

Public comment

- 00:12:15 Travis Kavulla, commissioner, PSC.
- 00:32:31 David Hoffman, NorthWestern Energy (NWE). **(Exhibit 4)**
- 00:41:27 Jeff Fox, Montana policy manager, Renewable Northwest.
- 00:48:41 Mark Klein, representing the developer for MT SUN, Broadview 1, Broadview 2, Meadowlark, Yellowstone Solar 1A and 1B.
- 00:51:54 Michael Uda.
- 01:05:11 Brian Fadie, Clean Energy Program director, Montana Environmental Information Center.

Committee questions and discussion

- 01:07:28 Rep. Zolnikov asked Mr. Kavulla about the contract length for MTSUN.
- 01:08:34 Rep. Zolnikov commented on regulation by the PSC and asked Mr. Kavulla about LC SQF2 and addressing concerns from Absaroka Energy.
- 01:12:45 Rep. Zolnikov asked Mr. Kavulla about the competitive solicitation process.
- 01:14:43 Sen. McConnell asked Mr. Hoffman about Mr. Kavulla's criticism of LC SQF1.
- 01:16:52 Rep. Zolnikov asked Mr. Hoffman about competitive solicitation.
- 01:18:58 Sen. McNally asked Mr. Hoffman about the process for utilities in states that have competitive bid processes.
- 01:20:03 Sen. McNally redirected her question to Mr. Kavulla.
- 01:23:03 Sen. McNally asked Mr. Klein for his comments.
- 01:25:06 Sen. McNally asked Mr. Kavulla about the recommendations from the 2012 study.
- 01:28:29 Sen. McNally asked Mr. Kavulla about the affect of disconnecting the competitive solicitation process from some of the smaller QF projects.

Committee action

- 01:30:42 Sen. McNally asked Ms. Nowakowski if the smaller QF's are part of bill and subject to competitive solicitation.
- 01:31:27 Rep. Bishop provided her comments on the bill drafts.
- 01:32:59 Sen. McNally asked Rep. Bishop about a stand alone bill and removing contract length from LC SQF2.
- 01:34:53 Sen. Richmond commented on the bill drafts.
- 01:36:14 Sen. McNally asked Sen. Richmond about his recommendations.
- 01:36:53 Rep. Zolnikov provided his comments.
- 01:37:23 Sen. McNally asked about the committee's position for considering a 20-year contact length versus a 25-year contact length.
- 01:37:36 Rep. Bishop said she recommends keeping it at 25 years.

01:38:20 Sen. Richmond commented on the time left in the interim for committee action.

Motion

01:38:55 Sen. Richmond moved to table LC SQF1 and LC SQF2.

Discussion on the Motion

01:39:18 Rep. Zolnikov

Vote

01:39:49 The motion failed 2-5 by voice vote. Sen. Richmond and Sen. Sales voted aye. Rep. Skees was excused.

01:40:17 Sen. McNally asked about separating the issues.

01:40:41 Rep. Bishop asked for a clarification of the bill drafts. Ms. Nowakowski said the committee can move forward on a bill draft that requires 25-year contracts, a bill draft that prohibits symmetry, and a third bill draft that does competitive solicitations, but doesn't link it to QF contract lengths.

01:41:43 Rep. Bishop said she recommends removing the 25-year language from competitive solicitation, keeping contract lengths and prohibiting symmetry and allowing for a separate consideration of competitive solicitation.

01:42:18 Ms. Nowakowski said she recommends making a motion for each proposal.

01:42:31 Rep. Zolnikov said he recommends the 25-year contract length with competitive solicitation as one bill draft and removing the symmetry clause.

01:43:22 Sen. McNally asked about disconnecting the two. Ms. Nowakowski said the two are linked in LC SQF2.

01:44:08 Sen. McNally said she recommends keeping two bills, one for contract length, and another for competitive solicitation that has the same contract length. Rep. Zolnikov agreed.

Motion

01:44:36 Rep. Bishop moved to pre-introduce LC SQF1 as a committee bill.

Discussion on the Motion

01:45:06 Sen. McNally

Vote

01:45:41 The motion carried 5-2 by roll call vote. Sen. Richmond and Sen. Sales voted no. Rep. Skees was excused. [\(Attachment 4\)](#)

01:47:04 Sen. McNally asked about committee action on LC SQF2. Ms. Nowakowski said the committee does not need to make a motion to table.

Motion

01:47:19 Rep. Zolnikov moved to pre-introduce LC SQF2 as a committee bill.

Discussion on the Motion

01:47:39 Sen. McNally

Vote

01:48:12 The motion carried 5-2 by roll call vote. Sen. Richmond and Sen. Sales voted no. Rep. Skees was excused. [\(Attachment 5\)](#)

01:48:41 Ms. Nowakowski said the committee will need to determine sponsors for the bills.

9-1-1 GRANTS UPDATE (10-4-309, MCA)

Introduction

01:50:48 Ms. Nowakowski said the committee will receive information on revisions to Montana's 9-1-1 program as part of its statutory responsibility under HB 61 (2017).

Overview

01:53:25 Quinn Ness, bureau chief, Public Safety Communications Bureau, State Information Technology Services Division, Department of Administration, provided a status report on the implementation of HB 61 and the next generation 9-1-1 grant program.

Committee questions and discussion

02:01:55 Sen. McNally asked Mr. Ness to provide a written copy of his testimony. [\(Exhibit 5\)](#)

Public comment

02:02:16 Geoff Feiss, general manager, Montana Telecommunications Association.

GIS Assessment

02:02:58 Michael Fashoway, lead GIS analyst, Montana State Library, discussed the role of GIS in 9-1-1 and the GIS data assessment project.

Committee questions and discussion

02:08:34 Sen. McNally asked Mr. Fashoway about the timeline for establishing next generation 9-1-1.

02:09:12 Sen. McNally asked Mr. Fashoway about the timeline for the GIS assessment project.

Public comment

None

02:10:06 Recess

02:22:44 Reconvene

GEOTHERMAL RESEARCH UPDATE (90-3-1301, MCA)

02:23:00 John Metesh, director, Montana Bureau of Mines and Geology, gave a PowerPoint presentation and provided an update on the geothermal program. [\(Exhibit 6\)](#)

Committee questions and discussion

02:32:40 Sen. McConnell asked Mr. Metesh if the data work is handled internally.

02:33:30 Sen. Richmond asked Mr. Metesh about accessing the data.
02:34:21 Sen. Richmond asked Mr. Metesh about the Ground Water Information Center and being able to store the data on bottom hole temperature data in oil wells.

Public comment None

ENCOURAGING INVESTMENT IN MONTANA ENERGY

Panel Presentation: Pipeline Investments

Greg Schnacke and Matt Dahan, Denbury Resources
Michelle Slyder, CHS
Ken Dockweiler, TrueOil
Danette Welsh, ONEOK

02:35:38 Mr. Graff provided an introduction.

02:37:49 Mr. Dahan. **(Exhibit 7)**

Committee questions and discussion

02:55:08 Sen. Richmond asked Mr. Dahan about the amount of CO2 available for future use.

02:57:13 Rep. Zolnikov asked Mr. Dahan about increasing investments if the tax codes were changed.

02:58:42 Ms. Slyder.

Committee questions and discussion

03:06:07 Rep. Bishop asked Ms. Slyder about asset value.

03:07:29 Rep. Zolnikov asked Ms. Slyder to provide, in writing, a solution to normalize the valuation.

03:08:04 Sen. McNally asked Ms. Slyder about the disparity in taxes. Ms. Slyder said she will provide the information.

03:08:58 Mr. Dockweiler.

Committee questions and discussion None

03:13:38 Ms. Welsh. **(Exhibit 8)**

Committee questions and discussion

03:25:03 Sen. Richmond asked Ms. Welsh for an estimate of pipeline right-of-way ownership between private, federal, and state entities.

Public comment

03:26:11 Alan Olson, executive director, Montana Petroleum Association.

03:29:29 Bob Story, Montana Taxpayers Association. **(Exhibit 9)**

03:32:51 Sen. McNally thanked the panelists for their participation.

USB REPORTS (69-8-402, MCA)

- 03:34:37 Mr. Graff gave a PowerPoint presentation on the Universal System Benefits program. **(Exhibit 10)**
- 03:38:07 Mr. Graff discussed the allocation of USB funds in 2017 for NorthWestern Energy.
- 03:42:29 Mr. Graff discussed the allocation of USB funds in 2017 for Montana Rural Electric Cooperatives'.
- 03:43:58 Mr. Graff discussed the allocation of USB funds in 2017 for Montana Dakota Utilities.
- 03:45:04 Mr. Graff discussed large customers.

Committee questions and discussion

- 03:47:16 President Sales asked Mr. Graff about collecting similar information on telecommunications.
- 03:47:56 President Sales asked Mr. Graff about the amount of money collected from telecommunications.

OTHER BUSINESS

- 03:48:42 Sen. McNally asked Ms. Nowakowski about assigning sponsors for the QF bills. Ms. Nowakowski provided information on the rules, procedures, and guidelines and said they can be assigned at the September meeting.
- 03:50:13 Rep. Bishop asked Ms. Nowakowski about the sponsors.

RECESS

- 03:50:48 Sen. McNally recessed the meeting at 4:52 p.m.

CI0099 8225nsxa.